

# COMMISSION LEGISLATIVE AND WORK PROGRAMME 2009

## List of Strategic and Priority Initiatives

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**ROADMAP**

Title of the initiative: **Communication to the Spring European Council on the Lisbon Strategy for growth and jobs**

Expected date of adoption (month/year): December 2009

**A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

Through this Communication the Commission will report to the Spring European Council on the implementation of reforms in Member States and in the EU as a whole and will contain proposals for the Lisbon strategy for growth and jobs beyond 2010.

What are the main problems identified?

The report will assess progress in implementing structural reforms to accelerate Europe's move to a knowledge-based low-carbon economy. It will also formulate proposals to adapt the European Union's strategy for growth and jobs to major new challenges. In the spirit of the partnership approach between the Union and Member States it will also where appropriate formulate policy recommendations to be implemented at EU and national level.

Explain how EU action is justified on grounds of subsidiarity.

Since its relaunch in 2005 the Lisbon strategy for growth and jobs is based on a close partnership between the EU and the national level.

**B. Objectives of EU initiative**

What are the main policy objectives?

Better preparing Europe to take full advantage of the possibilities offered by a globalised world.

Does the objective imply developing EU policy in new areas or in areas of strategic importance?

The Lisbon strategy covers all policy areas relevant for enhancing growth and creating jobs.

**C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

All.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

Yes.

Explain how the options respect the proportionality principle.

The renewed Lisbon strategy is based on partnership approach between the EU and national level.

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

N/A

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

N/A

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

Yes

Who is affected?

Potentially all economic players.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

N/A

Which stakeholders & experts have been/will be consulted, how and at what stage?

Stakeholders will be consulted in the reflection process on the Lisbon strategy beyond 2010

**ROADMAP**

Title of the initiative: **Financial Markets for the future Package**

Expected date of adoption of the initiative (month/year): May/June 2009

**A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

This initiative will be a response to the financial crisis. It should present a coherent package of measures to help restore confidence and stability in EU financial markets.

What are the main problems identified?

The financial crisis has highlighted serious weaknesses in the regulatory, supervisory and crisis management framework for the EU financial sector

Is EU action justified on grounds of subsidiarity?

Yes. Given the global nature of financial markets, ensuring their stability cannot be ensured at national level.

**B. Objectives of EU initiative**

What are the main policy objectives?

The main policy objectives should be the following: Prudential legislation should be reinforced, incentives structures (e.g. remuneration schemes) should be rethought, risk management in financial institutions should be strengthened, more efficient supervisory arrangement should be put in place, international cooperation should be enhanced

Does the objective imply developing EU policy in new areas of strategic importance?

EU policy will be required in a number of important areas, but it is impossible at this stage to determine whether new areas will be concerned

**C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

The main policy option is to table a Communication outlining on-going and future actions (both of a legislative and non-legislative nature) to strengthen the EU regulatory and supervisory framework for financial services

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The action should not have a direct impact on actions taken or planned by other Commission departments. It should however be highly relevant for DG ECFIN and DG COMP, and close cooperation will be ensured with this departments

Do the options respect the proportionality principle?

Yes. A communication is needed to present in an overall and coherent way the Commission's initiatives taken as a result of the financial crisis.

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

Impact in the end should be greater stability of financial markets and better protection of investors and consumers.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

No

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

No

Who is affected?

The most affected parties will be financial institutions and intermediaries.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

A large consensus already exists on the roots of the crisis and the policies that need to be implemented, in particular thanks to a number of international reports produced over the last few months (reports from the Financial Stability Forum, from the International Institute of Finance, the International Monetary Funds...). This consensus has been reinforced at international level (in particular in the context of the preparation of the G 20 summit planned for 15 November and at EU level (in the framework of the ECOFIN Council, the European Council and the European Parliament).

Which stakeholders & experts have been/will be consulted, how and at what stage?

All interested parties should be consulted. The organisation of the consultation process remains to be decided.

## ROADMAP

Title of the initiative: **Supervision of EU financial markets**

Expected date of adoption of the initiative (month/year): July 2009

### **A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

This initiative will be a response to the weaknesses in the EU's supervisory framework highlighted by the financial crisis. It should present a coherent package of measures to help strengthen the supervisory framework, thereby restoring confidence and stability in EU financial markets.

What are the main problems identified?

The current financial crisis has highlighted the weaknesses in the EU's supervisory framework, which remains fragmented along national lines despite the substantial progress achieved in financial market integration and the increased importance of large cross-border financial groups. If financial integration is to be efficient in terms of safeguarding systemic stability as well as in delivering lower costs and increased protection of investors and consumers, it is essential to accelerate the ongoing reform of supervision.

Is EU action justified on grounds of subsidiarity?

Yes. Given the pace of financial market integration and the increased importance of cross-border entities, ensuring proper supervision and stability of financial institutions and markets cannot (merely) be ensured at the national level.

### **B. Objectives of EU initiative**

What are the main policy objectives?

Regulation and supervision should keep pace with development within the financial system and respond to current needs in order to ensure the prudential soundness of institutions, the orderly functioning of markets and thereby the protection of depositors, policy-holders and investors. Moreover, the financial crisis has highlighted the need to strengthen European cooperation on financial stability oversight, early warning mechanisms and crisis management, including the management of cross-border and cross-sectoral risks.

Does the objective imply developing EU policy in new areas or of strategic importance?

Yes.

### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

The main policy option is to table a Communication outlining on-going and future initiatives. The work and future recommendations of the High Level Expert Group on EU financial supervision, chaired by Mr Jacques de La Rosière, will provide important input in this respect. This Group should present a report to the European Commission in view of the Council of Spring 2009

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The action should not have a direct impact on actions taken or planned by other Commission departments. It should however be highly relevant for DG ECFIN and close cooperation will be ensured with this department.

Do the options respect the proportionality principle?

Yes. A communication is needed to present in an overall and coherent way the Commission's view on how to strengthen EU supervisory arrangements.

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

A supervisory system that is better placed to respond to the challenges stemming from: (i) an integrated financial market and (ii) the increased importance of large cross-border financial groups. In the end this should enhance the stability of financial institutions and of the EU financial system more broadly.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

No

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

The possible budgetary impact of the options cannot be assessed at this stage. This will depend on the outcome of the de la Rosière group and of future decisions to be taken at political level.

Who is affected?

Primarily, financial regulators and supervisors, as well as financial institutions and intermediaries.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

The work and future recommendations of the High Level Expert Group on EU financial supervision, chaired by Mr Jacques de La Rosière, will provide important input. The Group should present a report to the European Commission in view of the Council of Spring 2009.

Which stakeholders & experts have been/will be consulted, how and at what stage?

All interested parties should be consulted. The organisation of the consultation process remains to be decided.

**ROADMAP**

Title of the initiative: **Communication reporting on measurement of administrative burden and setting sectoral reduction targets**

Expected date of adoption of the initiative (month/year): January 2009

**A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

In January 2007, the Commission presented an ambitious Action Programme to reduce by 25% administrative burdens imposed by legislation in the EU. This reduction should be achieved jointly by the EU and Member States by 2012. It is part of the "Growth and Jobs" strategy pursued by the Commission (Better Regulation pillar). The Spring 2007 European Council endorsed the target for EU legislation and invited the Member States to set their own national targets of comparable ambition within their spheres of competence by 2008.

The Action Programme sets out how to identify, assess and reduce information obligations put on business. It provides a list of approx. 40 pieces of legislation and 13 priority areas believed to account for 80% of administrative costs on businesses. In order to produce concrete results on the short term, the Programme also identified two series of 'fast track actions'. These actions are intended to generate significant benefits through relatively minor changes in the underlying legislation.

What are the main problems identified?

The success of the Action Programme depends on:

- stakeholders' input to identify unnecessary or irritating burdens,
- the Commission's capacity to control the mapping and measuring of often complex information obligations in 27 Member States, this over a short timespan
- the involvement of the Council and the European Parliament to adopt reduction measures in good time and ensure that legislative amendments don't lead to unnecessary burdens,
- the capacity of Member States to advance administrative burdens' reduction at national level.

Is EU action justified on grounds of subsidiarity?

Not applicable (progress report on an EU programme)

**B. Objectives of EU initiative**

What are the main policy objectives?

The overall policy objectives have been defined in the Communication adopted by the Commission in January 2007 (COM/2007/23). The progress report will accompany the 3<sup>rd</sup> Strategic Review on Better Regulation due for adoption in January 2009.

It will provide information on the implementation of the Action Programme (consultation about administrative burdens and irritants, mapping and measurement of EU information obligations, state of play with fast track actions presented by the Commission in 2007-8).

The report will also present sectoral reduction objectives, the list of reduction measures already adopted and the list of incoming reduction proposals. In addition the report could announce, among other things, an extension of the list of legal acts to be mapped and measured.

Does the objective imply developing EU policy in new areas or of strategic importance?

Not applicable (progress report).



### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

Not applicable (progress report).

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

No.

Do the options respect the proportionality principle?

The European Council deals with the Growth and Jobs strategy during its Spring session. Therefore providing an annual report in time for the Spring European Council does not go beyond what is necessary.

### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

Not applicable (progress report).

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

Not applicable (progress report).

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

Not applicable (progress report).

Who is affected?

Not applicable (progress report).

### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

Information on the new structures and processes are already available. Further information on the mapping and measurement will mainly be provided by the consultants hired in July 2007 for that purpose.

Which stakeholders & experts have been/will be consulted, how and at what stage?

Stakeholders have been consulted via workshops in the Member States, via EUROPA ENTR website and the High Level Group of Independent Stakeholders on Administrative Burdens. The Progress Report will take the results of these consultations into account.

**ROADMAP**

Title of the initiative: **Third progress report on simplification strategy**

Expected date of adoption of the initiative (month/year): January 2009

**A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

The Commission's January 2008 Better Regulation package evaluated progress since the launch of the simplification strategy and further reinforced the rolling programme. In March 2008, the European Council confirmed its invitation to the Commission to update regularly the simplification programme.

The present initiative, which will accompany the Commission's strategic review on Better Regulation (see separate Roadmap) will review and update the strategy for simplifying the regulatory environment. It will also present the state of play as regards completion of the indicative codification programme 2006-2008 and examine possible future developments.

What are the main problems identified?

The development of the European Union over the last half century has produced a large body of Community legislation, the Community "acquis", which has often replaced 27 sets of rules with one and thereby offered business a more certain legal environment and a level playing field in which to operate. This stock of legislation has been essential, for example, in establishing the single market, developing EU environmental policy and in setting EU wide levels for the protection of workers and consumers. At the same time, legislation can also entail costs, hamper business, channel resources away from more efficient uses and in some cases act as a constraint to innovation, productivity and growth. The challenge is to continuously adapt the European regulatory framework in such a way that it will continue fulfilling the highest standards of law making respecting the principles of subsidiarity and proportionality.

The success of the simplification rolling programme decisively depends on:

- stakeholders' input to identify unnecessary burdens or complexity,
- the capacity of the Commission to deliver on its commitments and demonstrate that the implementation of the rolling programme will bring about tangible benefits for businesses and citizens,
- the involvement of the Council and the European Parliament to carry the simplification work forward to the final stages,
- the capacity of Member States to advance simplification at national level.

Is EU action justified on grounds of subsidiarity?

Better Regulation and simplification is a shared responsibility with the Member States. Close cooperation between the European institutions and the Member States and local administrations is crucial to achieve Better Regulation goals within the Strategy for Growth and Jobs.

**B. Objectives of EU initiative**

What are the main policy objectives?

The EU has repeatedly confirmed the objective of simplifying and improving the quality of its legislation and action to this end has been underway for some years. The present initiative will reinforce the simplification programme across the board. The third progress report on simplification will review progress on the adoption by the Commission of simplification proposals. At inter-institutional level, progress on adoption of simplification proposals will be reviewed. This initiative also aims to increase awareness of the positive effects of the programme. From a more political perspective, this document will also provide an early quantitative and qualitative assessment of the achievements by this Commission in the area of simplification, and will possibly include some elements of "legacy" for the new Commission, notably in the light of the overall screening of the acquis that is currently being performed.

Does the objective imply developing EU policy in new areas or of strategic importance?

The Commission has confirmed in the context of the 2007 SRP update that all Commission departments

should have completed the review of legislation in their policy areas by 2009 to check the relevance of their instruments, the choice of regulatory technique and the scope for applying one of the simplification techniques set out in the simplification strategy of October 2005 with a view to streamlining the acquis. Where appropriate this will lead to the identification of new simplification initiatives and an update of the rolling programme.

### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

This is not a legislative instrument but a policy document aimed at strengthening action for simplifying the regulatory environment by providing the programmatic framework

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

Yes, this is an important policy coordination framework across the board under the responsibility of the President and the Vice President responsible for enterprise and industry.

Do the options respect the proportionality principle?

This initiative aims at improving the quality of the EU regulatory framework by simplify where possible the acquis without compromising its underlying policy goals. Compliance with the proportionality principle will be ensured at the level of each individual simplification initiative.

### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

Strengthening of the Simplification Rolling Programme will affect the volume and shape of the acquis. These actions will impact on businesses, citizens and public administrations, with knock-on effects on competitiveness. No specific impact assessment is being envisaged for the present report as a whole. Individual initiatives will be assessed according to applicable Commission rules.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

Some specific actions may have impacts on the EU-Budget.

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

Simplification is the very purpose of this initiative.

Who is affected?

Ultimately, a broad range of economic operators, citizens and public administrations will be affected

### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

A wealth of data or information is already available from past (and on-going) consultations of

stakeholders, including Member States. Individual measures, resulting from the present programming, will be prepared according to applicable Commission rules on impact assessment and consultation.

Which stakeholders & experts have been/will be consulted, how and at what stage?

It is not feasible to report here on the scope and content of the many consultations related to individual measures under the simplification programme

## ROADMAP

Title of the initiative: **Communication on the EU position in preparation for the UN Climate Change COP-15 Copenhagen Conference**

Expected date of adoption of the initiative (month/year): January 2009

### A. Context and problem definition

What is the political context of the initiative?

The 2007 Bali UN Climate Change Conference (7) set an action plan to come to a global agreement on climate change policies beyond 2012 by the 15<sup>th</sup> meeting of the Conference of the Parties to the UNFCCC (COP15/MOP5) in 2009 in Copenhagen.

How does this initiative relate to past and possible future initiatives, and to other EU policies?

The EU has taken the lead in implementing far reaching climate change policies internally. A crucial next step will be the successful adoption and implementation of the proposed energy and climate change package by the Commission.

Also in the international negotiations the EU has to continue its leadership role. For instance the EU formulated already in 1996 its objective to limit temperature increase below 2°C above pre-industrial levels). More recently the European Council of March 2007 and the European Parliament expressed its strong hope for a global comprehensive international agreement by 2009 together with a clear view on the necessary ambition level of such an agreement. This was, clearly an important input for the Bali Conference.

But in order to be successful in Copenhagen and to reach a global agreement for the post-2012 period, further concrete proposals on the architecture of a post 2012 agreement will be necessary. The EU should be ready to make such proposals and this Communication has the aim to contribute to this.

What are the main problems identified?

The objective is to limit dangerous climate change to 2°C compared to pre-industrial times. This will require global mitigation action, whereby developed countries take the lead.

At the same time, already with an increase of 2°C there will be significant impacts on climate change, necessitating adaptation. This will require a comprehensive "Framework for Action on Adaptation".

A global agreement will also need to ensure that all countries participate according to their capacity in the mitigation of climate change. This will require clear targets for the developed countries and an appropriate set of actions by developing countries. Incentives should be foreseen to ensure that a global carbon market can deliver cost efficient reductions. Such an agreement will also need to address sources of greenhouse gas emissions that are not covered by any policy instrument at present, such as bunker fuels and emissions from deforestation.

Is EU action justified on grounds of subsidiarity?

Climate change is a problem that cannot be solved by any State or region alone. Global action is needed. The EU is participating in the international negotiations on climate change with a common position. Initiatives at EU level are therefore the appropriate means of informing and developing the EU's positions.

## **B. Objectives of EU initiative**

What are the main policy objectives?

The objective of the EU initiative is to inform and as such further develop the vision on the architecture of the global agreement on post 2012 climate change policies.

This should cover all the building blocks of such architecture and build upon and broaden the Kyoto Protocol and provide for the widest possible country participation. As part of such an agreement the EU is aiming at:

- A shared vision of the global effort
- Deeper absolute emission reduction commitments by developed countries;
- Facilitating further fair and effective contributions by other countries;
- Extending the carbon market;
- Increasing cooperation on technology/research, development, diffusion, deployment and transfer;
- Enhancing efforts to address adaptation;
- Addressing emissions from international aviation and maritime transportation;
- Reducing emissions from deforestation and enhancing sinks by sustainable forest management and land use practices;

Does the objective imply developing EU policy in new areas or of strategic importance?

An ambitious international agreement will allow the EU to strengthen its existing policies in the areas of climate and energy policies, among others by increasing its own greenhouse gas reduction commitment beyond the 20% unilateral reduction target compared to 1990 by 2020. As such it will have an impact on the strategically important area of energy. It is also likely to have implications for a range of other policy areas of strategic importance, including, inter alia, economic policy, external relations, development, trade, agriculture, energy, research and financial programming and budget.

## **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

The Bali Climate Change conference foresaw a Bali Action Plan to improve the implementation of the UNFCCC Convention by all Parties. This foresees to address several elements such as a shared vision, mitigation, adaptation and cross cutting issues related to technology and finance. Furthermore under the Kyoto Protocol there are ongoing discussions on how to review it and to define further reduction commitments for developed countries.

This initiative is only to further inform and develop an EU position in the different options put forward in the international negotiations. As such it does not require legislative initiatives.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The conclusion of an international agreement will indeed have cross-cutting policy implications for many Commission Departments as mentioned above. Therefore coordination in preparation of this Communication is appropriate and has already started.

Do the options respect the proportionality principle?

Yes. The Communication only aims to inform and contribute to the further development of the EU vision on the architecture of an international agreement, an agreement to which the EC also will be Member.

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

The impact assessment to the Commission's previous communication on global climate change policies, Limiting Global Climate Change to 2 degrees Celsius - The way ahead for 2020 and beyond, assessed in detail the global impacts of action against climate change. The Impact Assessment to this Communication will address this again.

It will further build on the knowledge gathered since then on the costs to mitigate greenhouse gases and the costs to adapt to climate change.

It will address the impacts on GDP and where possible impacts on other factors such as employment, health and energy security.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

The Communication will not propose legislation involving such impacts..

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

Relations with third countries may be affected since the international negotiations involve the global community and the EU position is likely to have a strong impact on the dynamics of the negotiation process.

Who is affected?

All countries involved in the negotiations as mentioned above.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

The impact assessment work will build on the impact assessment undertaken for the 2007 Communication on "Limiting Global Climate Change to 2 degrees C" and as such include a similar analysis.

The Commission's services of DG JRC/IPTS will assist DG ENV with the economic modelling of climate change measures using both partial equilibrium modelling and general equilibrium modelling.

Which stakeholders & experts have been/will be consulted, how and at what stage?

A conference will be organised to exchange information and ideas with relevant stakeholders. This conference is planned for September 2008.



**ROADMAP**

Title of the initiative: **EU Strategy for the Baltic Sea Region**

Expected date of adoption (month/year): June 2009

**A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

The European Council in its meeting of 14 December 2007 invited the Commission to present an EU Strategy for the Baltic Sea Region by June 2009. The initiative is cross-sectoral and will involve a wide range of different EU policies.

What are the main problems identified?

The Baltic Sea region is facing major challenges such as the pollution of the sea, demographic change and differences in economic development. Given the cross-border nature of these problems, policy responses have been to date fragmented, in spite of a number of coordination initiatives. These issues are especially acute in the case of (a) environmental policies, in particular the reduction of eutrophication, (b) the functioning of the single market, (c) the production / purchase of energy and (d) the fight against criminality. This is exacerbated by the fact that Member States have different development levels and that Russia, being outside the European Union, does not have to implement the 'acquis communautaire'.

Explain how EU action is justified on grounds of subsidiarity

The Commission is responding to a request made by the European Council. The current situation in the Baltic Sea Region is marked by an insufficient level of cooperation and leadership at the macro-region level, diverging interests between stakeholders, difficulty to establish integrated approaches, few transnational instruments and a need to coordinate the work with third countries. Therefore, the European Union, and in particular, the Commission can facilitate the development of a governance system which is transparent, cooperative and efficient and provide, where necessary, certain instruments at the macro-region level (legal, financial,...).

**B. Objectives of EU initiative**

What are the main policy objectives?

There are different types of objectives: general, specific and operational ones.

The general objective is:

1. To make the Baltic Sea Region an environmentally sustainable place (environment);
2. To make the Baltic sea Region a prosperous place (economy, energy,...);
3. To make the Baltic Sea Region an attractive and accessible place (innovation, health, tourism, transport,...);
4. To make the Baltic Sea Region a safe and secure place (fight against crime, civil security, maritime safety, etc....).

The specific objective is to identify under each of the general objectives a limited number of priority actions.

The operational objective is to facilitate the establishment of governance systems to manage the policies and actions at the level of the macro-region in order to better address the delivery of priority actions, with special focus on involving NGOs and the private sector. This will facilitate the process of agreeing a set of common goals, cooperation mechanisms and associated actions and their implementation on the ground through concrete projects for the short to long term benefit of Member States, Regions and Local Authorities and thereby of citizens and enterprises. This would namely be done through the coordination of international (for the relations with third countries), EU, national, regional and local policies and actions.

Does the objective imply developing EU policy in new areas or in areas of strategic importance?

No new EU policy in new areas will be developed. However, as the strategy is cross-sectoral, it will include areas of strategic importance like energy, environment, transport, ICT, RTD, innovation etc. In particular, there will be no new legal act or no new funding from the European Commission.

### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

There will be no new legislative or 'soft law' instruments. The strategy will promote better alignment and coordination of EU / national / regional policies and instruments, with a view of using existing resources and instruments in a more efficient way. The strategy will be presented in the format of a Commission Communication with an "action plan" attached to it.

The options will be examined in the light of the consultation process with Member States, Regional and Local Authorities, NGOs and Inter-Governmental Bodies), experts and citizens.

Different options concerning governance mechanisms will be identified which cover different levels of cooperation between countries and regions in the Baltic Sea Region in order to address the challenges. At present, three options are envisaged: (1) no action (2) use of voluntary governance mechanisms (3) use of binding governance mechanisms.

This will include examining the involvement of the Commission (1) no involvement of the Commission in the design and implementation of policies at the macro-region level, (2) involvement of the Commission in the design of macro-regional strategies (in partnership with the stakeholders) and in the implementation of the actions as a facilitator, and (3) involvement of the Commission in producing legislative acts and funding instruments which would be specific to a macro-region

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The strategy will cover a broad range of issues for which 19 DGs are in charge. The strategy focuses on 4 general objectives, which cover a broad range of issues: environment, economy, energy, innovation, health, tourism, transport, fight against crime, civil security, and maritime safety.

Explain how the options respect the proportionality principle

Many problems and challenges of the region are of transnational character and cannot be satisfactorily resolved by individual Member States. Therefore transnational cooperation and better coordination between existing policies, instruments and financial resources at EU / national / regional level is called for. The options will be based on existing legal instruments.

### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

Impacts are likely to be of economic, environmental and social nature through the delivery of a number of priority actions. A more efficient use of existing policies, instruments and financial resources will increase possibilities to realise the potential of the Baltic Sea region and to address problems and challenges that can be best resolved at transnational level.

The strategy will aim at making the Baltic Sea region environmentally clean, prosperous, accessible, attractive, safe and secure.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

No impact on the EU-budget is foreseen.

Could the options have significant impacts on simplification / administrative burden or on relations with third countries?

Yes. The strategy will address the issues of simplification and administrative burden through recommendations for better governance. Regarding the relations with third countries, these will mainly concern the relations with Russia, which is a key actor in the Baltic Sea Region. In particular, for some issues, it will be necessary to coordinate and discuss the work with Russia.

Who is affected?

Citizens and enterprises in the Member States in the region and Russia, Regional and Local Authorities, NGOs and Inter-Governmental Bodies.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

The information will come from different sources:

- EU policies and projects: Inter Service Working Group of 20 DGs and their contributions;
- National and regional policies and projects: discussions with national and regional stakeholders (and NGOs and Inter-Governmental Bodies), namely through conferences and roundtables organised for each topic in the strategy;
- Socio-economic-analysis: DG Regional Policy and external sources

This work will take due account of the lessons learnt from previous experiences.

Which stakeholders & experts have been / will be consulted, how and at what stage?

#### **(a) Member States' consultation**

Member States have provided their position through a series of 'non papers'.

#### **(b) Stakeholders' consultations** (including Regional and Local Authorities, NGOs and Inter-Governmental Bodies)

Stakeholders are consulted through a individual meetings and events.

- A series of individual meetings are organised with the stakeholders (Member States, Regional and Local Authorities, Russia, NGOs and Inter-Governmental Bodies, private sector,...) and experts (NORDREGIO, VASAB, HELCOM, European Environmental Agency,...).
- A series of 6 main events will be organised between September 2008 and February 2009: 2 main stakeholder conferences in September 2008 and February 2009 respectively and 4 thematic conferences (also involving experts) between September and December 2008. There are also a wide range of other events, organised by other organisations and attended by Commission representatives.

Consultation, including the events referred to above, will be open to stakeholders / experts representing Member States, regions, local authorities, financing institution, the private sector, pan-Baltic organisations, NGOs etc.

(c) Public consultation

A public consultation on the EU Strategy for the Baltic Sea Region has been launched on internet on 3 November 2008.

(d) Expert's consultation

DG Regional Policy will contract several experts who will provide a contribution on some of the main topics of the EU Strategy for the Baltic Sea Region.

The work involves four phases during which the main focus will shift:

- During the first phase (first half of 2008) a lot of emphasis has been put on securing as wide commitment as possible, primarily from the national, regional and local level in the concerned Member States, but also within the Commission and in the other EU institutions. An open-door policy has been pursued and many positive non-papers have been circulated. This phase is very crucial as it is important that as many stakeholders as possible feel ownership of the strategy and that the Commission knows their expectations. Within the Commission an inter-service group consisting of 20 DGs, and a smaller steering group consisting of core DGs has been set up. An inventory of the EU activities in the Baltic Sea Region is being carried out.
- During the second phase (September 2008 - February 2009) DG Regional Policy will focus on the more formal consultation of stakeholders, inviting Member States, Regional and Local Authorities, Non-Governmental Organisations and Inter-Governmental Bodies in the Baltic Sea Region to provide their ideas. Important instruments for this will be the series of two main stakeholder conferences and four thematic roundtables that will take place in the Baltic Sea Region between September 2008 and February 2009.
- The third phase (March 2009 - June 2009) will be used for processing of the adoption of the strategy in the form of a Commission Communication to the Council. In addition, in June 2009 an event is organised in Gotland (Sweden) with all the Managing Authorities of the Operational Programmes of the Baltic Sea Region with the aim to link the actions of the strategy to the funding.
- The fourth phase (from June 2009) will consist in following-up the EU Strategy for the Baltic Sea Region. Until the end of 2009, this essentially means that we will follow - and contribute - to the discussions organised by the Swedish Presidency. From 2010 onwards, it means that we will facilitate - as far as possible - the implementation of the actions suggested in the strategy, including reviews in the following years.

## ROADMAP

Title of the initiative: **Communication on the Stockholm Programme in the area of freedom, security and justice**

Expected date of adoption of the initiative (month/year): May 2008

### A. Context and problem definition

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

As a follow-up to the first "Tampere" multi annual JLS Programme (1999-2004), The Hague Programme was adopted for a new period of five years in December 2004. Following the Commission Communication of 10 May 2005 "The Hague Programme: Ten Priorities for the next five years. The Partnership for European renewal in the field of Freedom, Security and Justice" (COM(2005)184), The Hague Action Plan was adopted in June 2005 and set priorities in JLS areas until 2010 in order to further develop the EU as an area of freedom, security and justice.

Several circumstances suggest that there is a need for anticipating the adoption of a new multi-annual programme for the area of freedom, security and justice, namely:

- most of the initiatives foreseen under The Hague Action Plan are concentrated in the first three years of the plan, leaving only few ones left for 2009 and 2010;
- the mid-term review of the Programme carried out under the Finnish Presidency in the second half of 2006 has clearly showed the need for a new impetus in the area of Freedom, Security and Justice (see Presidency Conclusions of the Brussels European Council dated 14/15 December 2006, adopted on the basis of the Commission Communication "Implementing the Hague Programme. The way forward" (COM (2006)331 final)
- the ongoing reflection on the future of JLS policies within the so-called "High Level Future Groups" – one on Interior issues and a second one on Justice-related policies. These are high-level advisory groups on the future of European home affairs and Justice policies, to which Vice-President Frattini is part, where reflection is ongoing on how to further develop policies at EU level in the area of justice and home affairs. The aim of these Groups is to conclude their work by producing a report by the end of the Slovenian Presidency (first half 2008).
- France is keen to adopt the new multi-annual programme under their Presidency (second half 2008) and to label it as "Paris Programme".
- finally the foreseen Reform Treaty currently discussed in the ongoing IGC, which should enter into force before the European Parliament elections of June 2009, may need to be considered as it will have a substantial impact on the further development of JLS policies – in particular in terms of decision-making.

What are the main problems identified?

In order to develop further the EU as an area of freedom, security and justice in a coherent and consistent way, as well as to ensure an harmonious development of all policies within this area, there is a need to plan well ahead and have a strategic vision of the future. This proved to be efficient and successful through the last The Hague Programme and its action plan. The lack of such a strategic plan would lead to a lack of coordination within and between the different policy areas.

Is EU action justified on grounds of subsidiarity?

The development of the EU as an area of freedom, security and justice and thus the definition of common priorities needs to be defined and planned at EU level. Leaving it to every single Member State to define priorities in this area would seriously undermine the coherence and consistency of policies - such as immigration, fight against organized crime etc – which have a transnational and cross-border nature. The need for a European approach in these matters is underlined by the ongoing work between Member States on suggestions for future European action in the area of Freedom, Security and Justice Policies with the context of the Future Groups mentioned above

### **B. Objectives of EU initiative**

What are the main policy objectives?

The main aim of this initiative is to define over a certain number of years the priorities and objectives for the future development of the EU as an area of freedom, security and justice, and to determine the means and initiatives to best achieve them. This initiative would include a global pact on migration, e-justice and action plan on drugs

Does the objective imply developing EU policy in new areas or of strategic importance?

The envisaged action (together with the changes to the current Treaties which will follow the entry into force of the Reform Treaty) could encourage and accelerate the further development of areas of strategic importance such as the development of a common policy on migration or the creation of a truly "European judicial area".

### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

- 1) To maintain the status quo, i.e. having solely an annual planning (CLWP Commission programme building up its WP partially on the multi-annual programming adopted by the Council).
- 2) To ensure a follow-up to the strategic multi-annual planning at EU level to further develop JLS policies following a Commission proposal, the duration of the planning period could range from 2 to 10 years. The previous 2 multi-annual programmes (Tampere and the Hague) lasted for 5 years each.
- 3) To leave to Member States / a group of Member States the responsibility to define future developments in EU JLS areas

A regulatory instrument does not seem appropriate given the nature of the initiative (multi-annual and strategic planning). Leaving to presidencies/Member States the lead on defining future developments in this strategic area would undermine the strategic focus on JLS issues at EU/Commission level. Option 2) would moreover naturally constitute a follow up to the two previous JLS multi-annual programmes adopted by the Commission.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

Yes, other Commission departments than DG JLS could be concerned, namely DG RELEX, DG EMPL, DG TREN, DG SANCO, the Legal Service.

Do the options respect the proportionality principle?

The options do not go beyond what is necessary to reach the policy objectives, in so far as in order to ensure multi-annual planning, the appropriate initiative needs to be a planning document. As was the case for the previous multi-annual programmes, the adoption of a multi-annual programme would not hamper the flexibility of the Commission, European Parliament and Council to react to changing circumstances. Reconsidering the implementation of initiatives or adding additional ones would be foreseen. Also, the degree of concreteness of initiatives included in such a programme would depend on the available knowledge basis. Where further studies of a matter would be necessary prior to the decision if a concrete initiative should be taken, this would be clearly indicated in the planning

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

- 1) option 1) would not allow to have a strategic vision of the development of JLS policies, but would leave a certain flexibility of action;
- 2) option 2) would ensure that JLS policies are developed in a more coherent and consistent manner, with an EU perspective
- 3) option 3) would not allow to have a strategic vision of the development of JLS policies and would not allow for proper EU perspective to be taken into account

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

Not immediately. Certain individual actions which could flow from the multi-annual planning are expected to have an impact on the EU budget and will be assessed separately before actual implementation.

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

They could have an impact on relations with third countries (for example, the further development of legal migration policies).

Who is affected?

EU Institutions and Member States will be directly affected by the envisaged initiative. Indirectly and in the longer term, EU citizens would also benefit from it. The initiatives contained in such a multi-annual planning would have impacts on the different stakeholders in this field. They include citizens in general, migrants, civil and criminal justice practitioners, law enforcement authorities, third countries concerned by measures in the area of migration and terrorism. Further detailed assessment of the impacts of individual initiatives would be carried out at later stages of policy development.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

The assessment of multi-annual planning of JLS policies in the past (Tampere and The Hague programmes) is already available. As regards the Hague Programme, in particular, the Communication "Implementing the Hague Programme. The way forward" (COM (2006)331 final) is to be taken into account. Moreover, the impact of the new Treaty will have to be assessed and it should be considered whether it is appropriate to take it into account as well.

The impact assessment of this initiative will be done internally. Given the vast field of activities which would be touched by the initiative, the assessment will remain on a high level of aggregation. The detailed assessment of individual initiatives will be carried out at later stages of policy development.

Which stakeholders & experts have been/will be consulted, how and at what stage?

Consultations will involve Member States (outcomes of work of the Future Groups will be taken into account in this framework) and the European Parliament (, which will be consulted before the drafting of the Communication.



## ROADMAP

Title of the proposal: **Communication from the Commission to the Council and the European Parliament on the 2009 Enlargement Package composed of:**

- Strategy Paper on Enlargement (Commission Communication to Council and Parliament)
- Progress Reports on Croatia, Turkey, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia, and Kosovo under UNSCR 1244
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Expected date of adoption of the proposal: October 2009

**A. Context and problem definition**

What is the political context of the initiative? What are the main problems identified? Are they unlikely to be solved satisfactorily by the sole action of Member States? (principle of subsidiarity – necessity test)

Article 49 of the Treaty on European Union, together with its Article 6<sup>1</sup>, sets the legal framework and conditions, as well as the respective roles of the EU-Institutions - amongst them the Commission - with regard to the application of European states to become new Member States of the Union.

The Copenhagen European Council of June 1993 stated that those candidate countries of Central and Eastern Europe who wish to do so shall become members of the Union if they meet the following conditions:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy, as well as the ability to cope with competitive pressures and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

The same entry requirements apply to the countries of the Western Balkans as to other countries that aspire to join the Union. The Feira European Council explicitly recognised the Western Balkan countries' vocation as "potential candidates" and spoke of "a clear prospect of accession" once the relevant conditions had been met. The December 2006 European Council established the renewed consensus on enlargement. It is based on consolidation of commitments, conditionality, and communication, in combination with the EU's capacity to integrate new members. The European Council reconfirmed this consensus and the European perspective for the Western Balkan countries in June and December 2007.

The Western Balkan countries must also meet the criteria specific to the Stability and Association Process (SAP) as set out in the Conclusions of the General Affairs Council in April 1997 and in accordance with the Commission Communication of May 1999 on the establishment of the SAP<sup>2</sup>. These criteria include full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY)<sup>3</sup>, respect for human and minority rights, the creation of real opportunities for refugees and internally displaced persons to return and a visible commitment to regional co-operation.

In order to assess progress achieved by each country in preparing for accession, following the 1997 Luxembourg European Council, the Commission submits Progress Reports to the Council and the European Parliament. The reports serve as a basis for the Council to take decisions on the overall conduct of the negotiations.

It appears likely that potential candidate countries will submit their applications for EU membership in the course of 2008 or early 2009. For each application it is to be expected that the Council will invite

<sup>1</sup> The new Treaty (Lisbon Treaty) signed in December 2007 includes amendments to this provision.

<sup>2</sup> COM (99) 235

<sup>3</sup> Cooperation with the ICTY is a legal obligation under UN Security Resolution 827 of 25 May 1999. It is also an obligation under the General Framework Agreement for Peace (the "Dayton/Paris Peace Agreement").

the Commission to present an Opinion on the country's readiness to meet the criteria for membership. This work, based upon a detailed questionnaire and extensive technical meetings, will build upon the co-operation and information developed during the stabilisation and association process, but requires a much more systematic and detailed examination than during the SAP.

## **B. Objectives of EU initiative**

What are the main policy objectives?

The main policy objectives of enlarging the Union to include the candidate countries (Croatia, the former Yugoslav Republic of Macedonia, Turkey) and are political, economic, and cultural:

The extension of the zone of peace, stability and prosperity in Europe will enhance the security of the whole continent.

Rapidly growing economies would boost economic growth in general and should contribute to creating jobs in both old and new Member States.

There will be a better quality of life for citizens throughout Europe as the new members adopt EU policies for protection of the environment and the fight against crime, drugs and illegal immigration.

The arrival of new members will enrich the EU through increased cultural diversity, interchange of ideas, and better understanding of other peoples.

Enlargement will strengthen the Union's role in world affairs - in foreign and security policy, trade policy, and the other fields of global governance.

In the case of the Western Balkans, the SAP<sup>4</sup> has been designed to help them transform their aspiration to join the Union into reality, and to establish a strategic framework for their relations with the EU.

The components of the SAP are the following:

- I. Stabilisation and Association Agreements (SAA), modelled on the Europe Agreements and also containing SAP related specificities.
- II. Autonomous Trade Measures (ATMs). In November 2000, the EU unilaterally granted almost totally free access to its markets for goods from the Balkans. In 2005, the ATMs were prolonged until 2010. An enlarged and modernised Central European Free Trade Agreement was signed between countries of the region in December 2006. By June 2008, SAAs had been signed with all the countries concerned.
- III. Assistance (through pre-accession instrument for all enlargement countries, IPA), designed to bring a more strategic approach to the support to the countries of the region and to reinforce the objectives of the Stabilisation and Association Process.

Regional co-operation also constitutes an essential element of the SAP and is a specific requirement under the Stabilisation and Association Agreements.

## **C. Options**

What are the policy options? What regulatory or non-regulatory instruments could be considered?

The enlargement policy is outside the realm of the Commission's right of initiative and therefore not a policy, which the Commission can strictly speaking propose on the basis of policy options – and their impact assessments. Nevertheless, an important impact assessment element is built into the enlargement process since its inception.

The Copenhagen criteria set out more precise criteria (economic, political and regulatory or acquis-related) against which applications from non-member European countries are to be assessed by the Union on a case by case basis.

The Treaty<sup>5</sup> and the Copenhagen criteria thus effectively set the framework for the whole of the enlargement processes and narrow down the assessment criteria that can be used against forward and

<sup>4</sup> Kosovo under UNSCR 1244 applies an SAP tracking mechanism (STM).

<sup>5</sup> A new Treaty (Lisbon Treaty) was signed in December 2007.

actual impacts of the implementation of this policy. The Commission opinions on each country's application further explore, within the framework of the applicable criteria, the likely and foreseeable impacts for the country and the Union.

Within this rather precisely charted terrain, the enlargement process for each country runs as a continuous feedback loop, whereby compliance gaps relative to the criteria are identified, the countries then take commitments and measures to plug them – which the Commission again vets, partly funds, monitors and eventually evaluates.

Progress achieved by each country in its preparations for accession is regularly assessed by the Commission. The Commission submits Progress Reports to the Council and to the European Parliament every year. The reports serve as a basis for the Council to take decisions on the conduct of the negotiations. In this sense, accession processes are underpinned by a permanent impact assessment loop that in the run-up to the Accession Treaties culminates in the final Commission opinion, and Council decision, on the country's readiness for accession, including a date and any transition measures and safeguard clauses.

In the case of the Western Balkans, the Stabilisation and Association process (SAP) is the specific policy framework for relations with the EU. Since its inception in May 1999<sup>6</sup>, the aim of the Stabilisation and Association process has been to equip the Western Balkans with the means, based on European practice and standards, to maintain stable democratic institutions, to ensure that the rule of law prevails and to sustain open and prosperous economies. Underlying this is the desire to replicate the successful transition achieved by the countries of Central and Eastern Europe before beginning negotiations on accession to the EU.

The countries of the region will gradually move towards eventual EU membership in line with the road map set out in the Commission's October 2005 Strategy Paper. Each will be judged upon its own merits. The roadmap specified that a country's satisfactory track-record in implementing its obligations under the Stabilisation and Association Agreements, including trade related provisions, is an essential element for the EU to consider any membership application, as also confirmed by the European Council in December 2006.

The "Thessaloniki Agenda for the Western Balkans" of June 2003 reconfirmed the "European perspective of the countries of the Western Balkans, as potential candidates". The Thessaloniki European Council enriched the EU's policy for the region, borrowing some elements of the enlargement method, and decided that the SAP "will constitute the overall framework for the European course of the Western Balkan countries, all the way to their future accession." In January 2006, the Commission issued a communication setting out a broad range of practical measures to help the countries of the region progress successfully on the path of their integration with the EU. It was endorsed by the EU-Western Balkans informal ministerial meeting in Salzburg in March 2006. As a follow up and stock-taking, the Commission presented a communication on the Western Balkans in March 2008. It offered the Western Balkans acceleration on their way to the EU provided they meet the established conditions.

The annual Progress Reports are the main tool for the Commission to present its assessment to the Council and to the European Parliament of the progress of the reform process, including the implementation of the SAP in the region. The Reports assess developments with respect to the political and economic criteria, as well as to the EU rules and policies. They also discuss some of the instruments of the process, such as the assistance and the trade measures. On the basis of this analysis, the Commission makes recommendations related to the region. The General Affairs and External Relations Council of December 2007 largely confirmed the approach put forward in the Commission's 2007 Enlargement Strategy Paper. The June 2008 European Council confirmed the European perspective of the Western Balkans.

As outlined in 2006, impact assessment will help Member States to define EU common positions for the negotiations of the key areas concerned (movement of persons, border management, transport,

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<sup>6</sup> Conclusions of the General Affairs Council of 21 June 1999, based on the Commission *Communication to the Council and the European Parliament on the Stabilisation and Association process for countries of South-Eastern Europe* [COM(99)235 of 26.5.99].

energy policy, foreign and security policy), including, where relevant, transition periods or other arrangements. In addition, when assessing the budgetary impact of accession, the Commission will examine the impact on key policies, in particular agriculture and cohesion policies.

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis (cf. list of impacts in the impact assessment guidelines)?

The impacts of enlarging the Union are political, economic, and cultural:

The extension of the zone of peace, stability and prosperity in Europe will enhance the security of the entire continent.

Rapidly growing economies would boost economic growth in general and should contribute creating jobs in both old and new Member States.

There will be a better quality of life for citizens throughout Europe as the new members adopt EU policies for protection of the environment and the fight against crime, drugs and illegal immigration.

The arrival of new members will enrich the EU through increased cultural diversity, interchange of ideas, and better understanding of other peoples.

Enlargement will strengthen the Union's role in world affairs - in foreign and security policy, trade policy, and the other fields of global governance.

Benefits are already visible: in Central and Eastern Europe, stable democracies have emerged, with democratic institutions and increased respect for minorities. The economic reforms in these countries have led to high rates of economic growth (higher than in the EU) and better employment prospects. This process has been helped and encouraged by the prospect of EU membership, and by the EU's financial assistance. As a result, the Union enjoys growing trade with these countries, and this generates employment and growth in the member states.

##### Croatia

The Commission opinion on Croatia's application explored, within the framework of the applicable criteria, the likely and foreseeable impacts for the country and the Union. Negotiations with Croatia started on 3 October 2005 after full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) had been established. Until June 2008, two negotiating chapters had been provisionally closed and 18 further chapters had been opened.

##### Turkey

The December 2004 European Council decided to open accession negotiations with Turkey on 3 October 2005 and set out the requirements for starting negotiations. These requirements have meanwhile been fulfilled by Turkey and accession negotiations with Turkey were opened, on the same day as with Croatia, on 3 October 2005. By June 2008, negotiations on one chapter had been provisionally closed and 7 further chapters had been opened. Turkey not having fulfilled its obligation of full non-discriminatory implementation of the Additional Protocol to the Association Agreement, the Commission issued a recommendation on 29 November 2006 on the further conduct of accession negotiations, which was largely followed by the Council.

The working hypothesis has been to assess the possible effects on the basis of existing policies, assuming that Turkey's accession would not take place before the end of the next financial perspective.

Turkey's accession would be different from previous enlargements (population, size, geography, economy, security and military potential, cultural characteristics). The accession perspective brings new opportunities but also risks. No insurmountable obstacles have been identified (for more details see Document COM(2004) 657 final).

Turkey's membership would – inter alia - bring the following positive factors/opportunities for the EU:

- The accession perspective would give solid support to the ongoing process of radical change in Turkey and could also send an important positive signal to countries in the neighbouring regions

with a majority Muslim population.

- The characteristics of Turkey give it a considerable capacity to actively contribute to regional and international stability.
- Given its geographic position, Turkey would have a major role to play in the security of energy supply of the enlarged EU.
- Managing migration and asylum as well as fighting organised crime, terrorism, trafficking and smuggling would all be facilitated through closer cooperation both before and after accession.

At the same time, the prospect of Turkey's accession inevitably entails a number of risks and challenges:

- In spite of its strategic assets, Turkey could also bring some regional foreign policy problems closer to the EU. Much will depend on how the EU itself will take on the challenge to become a fully fledged foreign policy player.
- Accession of Turkey would increase regional disparities in the enlarged EU. A number of regions in present Member States benefiting from structural funds support could lose their eligibility on the basis of present rules.
- Successful integration into the internal market depends on more horizontal reforms, such as strengthening corporate governance and regulatory frameworks intensifying the fight against corruption and improving the functioning of the judiciary.
- One of the most sensitive issues relates to migration. Available studies give very different estimates of expected migrations flows following Turkey's accession. Appropriate transitional provisions and a permanent safeguard clause could be considered to avoid serious disturbances on the EU labour market.
- As regards institutions, Turkey would have an important voice in the decision making process in view of its population, but like any Member State it would need to build coalitions with others in order to defend and promote its interests.
- The budgetary impact – on the basis of present policies – would be substantial. It is, however, impossible to know now how EU policies will evolve during this period. In any case, the financial cost of Turkey's accession will ultimately be determined by the negotiations on the basis of what the EU Member States are willing to accept.

#### The former Yugoslav Republic of Macedonia

The former Yugoslav Republic of Macedonia was given candidate country status in December 2005, as recommended by the Commission. Opening accession negotiations will be decided once the country fulfils the necessary conditions. The former Yugoslav Republic of Macedonia still faces major challenges on its way to the EU. The Commission will have reviewed this question in its Progress Report of autumn 2008.

#### Other Western Balkans

The establishment of closer links with Albania, Bosnia & Herzegovina, Montenegro and Serbia through the Stabilisation and Association Process (SAP) will contribute to regional stability and security, will promote good governance and the rule of law in the countries and enhance trade opportunities and therefore contribute to fostering economic development. It will also stimulate the region's gradual approximation with EU rules and policies.

Stabilisation and Association Agreements (SAA) with Albania, Montenegro and Bosnia and Herzegovina have been signed and their ratification is ongoing; the corresponding Interim Agreements have entered into force

A further SAA has been signed with Serbia. It will be implemented as soon as the Member States establish that Serbia has achieved full cooperation with the International Criminal Tribunal for the former Yugoslavia.

It appears likely that potential candidate countries will submit their applications for EU membership in the course of 2008 or early 2009. For each application it is to be expected that the Council will invite the Commission to present an Opinion on the country's readiness to meet the criteria for membership. This work, based upon a detailed questionnaire, will build upon the co-operation and information

developed during the stabilisation and association process, but requires a much more systematic and detailed examination than during the SAP.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

The Commission opinions on each country's application, the Commission annual Progress Reports providing a detailed analysis of where each country stands in the various areas. Commission Communication on the establishment of the SAP and the annual SAP reports. Commission Working paper on the effects of Turkey's integration in EU policies.

In addition, the European Council of December 2006 invited the Commission to provide impact assessments on the key policy areas in the Commission's Opinion on a country's application for membership.

Concerning negotiating countries, the European Council of December 2006 invited the Commission to provide impact assessments on the key policy areas in the course of accession negotiations. This largely confirmed the approach put forward in the Commission's 2006 Enlargement Strategy Paper. Impact studies will be made available in such time as to help Member States to define EU common positions for the negotiations of the chapters concerned ( border management, , energy policy), including, where relevant, transition periods or other arrangements. For Croatia, impact studies have already been undertaken in the areas of movement of persons transport, and foreign and security policy. In addition, when assessing the budgetary impact of accession, the Commission will examine the impact on key policies, in particular agriculture and cohesion policies.

Which stakeholders & experts will be consulted, how and at what stage?

The Progress Reports draw on expertise available within the Commission services as a whole but also on information and opinions gathered from a range of external official and non-official sources.

The Commission receives contributions from the governments of the countries concerned, from the major international organisations and a number of NGOs which are active in the countries concerned and in the fields covered by the assessment (such as rule of law and public administration; fundamental rights; economic policy). The sources used also include Council deliberations and European Parliament reports and resolutions

Will an inter-service steering group be set up for the IA?

No, but there will be an inter-service consultation with the participation of all commission services (regular meetings of the Inter Service Group "Enlargement")

**ROADMAP**

Title of the initiative: **European Neighbourhood Policy Package 2009**

Expected date of adoption: April 2009

**A. Context and problem definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

With enlargement, the Union has acquired new external borders bringing new challenges but also new opportunities. The EU has an interest in being surrounded by stable, prosperous, secure neighbours.

To respond to these issues the Commission launched the idea of a specific Policy for EU neighbours in March 2003 with the “Wider Europe” communication. The Strategy for the European Neighbourhood Policy was laid down in a Communication issued in May 2004. Since then the Policy has moved in its implementation phase and the focus is now on reviewing regularly (annually) the progress made, in particular the one made by the partner countries in implementing the policy priorities set out in Action Plans.

What are the main problems identified?

It is in the enlarged Union’s interest that its external border does not create new dividing lines in an area that is closely connected by historical, cultural and economic ties. Some neighbouring countries had apprehensions about potentially negative effects enlargement might have on them. The Union therefore needed a structured way of dealing with neighbours who do not (or do not currently) have an accession prospect.

**B. Objectives of EU initiative**

What are the main policy objectives?

For the EU, supporting the political and economic development of its neighbours is the best guarantee for peace and security and long-term prosperity. The EU offers ENP neighbours a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development).

Does the objective imply developing EU policy in new areas or in areas of strategic importance?

In December 2006, two and a half years after the EU adopted the European Neighbourhood Policy, the Commission published (together with progress reports) its recommendations how the policy could be further strengthened. The Commission reported that progress was being made but that, since our partners face up-front reform costs now, for benefits which only come later, the EU should provide more incentives now.

In December 2007 the Commission issued a further Communication “A Strong ENP”, which was addressed chiefly at actors within the EU. The Communication made a number of specific proposals intended to achieve a more substantial EU offer vis-à-vis partner countries, particularly on trade, mobility, tackling frozen conflicts.

### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

The central elements of the European Neighbourhood Policy are the bilateral Action Plans agreed between the EU and each partner. These set out an agenda of political and economic reforms with short and medium-term priorities. Implementation of the ENP Action Plans (agreed in 2005 with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine, in 2006 with Armenia, Azerbaijan and Georgia, and in 2007 with Egypt and Lebanon) is underway.

The implementation of the mutual commitments and objectives contained in the Action Plans is regularly monitored through sub-committees with each country, dealing with those sectors or issues. On 4 December 2006, the Commission issued its first periodic report on progress (with 7 ENP Partners having Action Plans adopted in 2005) and on areas requiring further progress. A second set of 12 progress reports on implementation of the ENP in 2007, a communication drawing conclusions from the reports and a sectoral progress report were adopted on 3 April 2008.

In April 2009 the third set of progress reports (with 12 ENP partners) will be adopted.

### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

In general, impacts of foreign policy are difficult to measure and always depend on a variety of assumptions about future developments, many of which are beyond the Union's influence. Nevertheless, the Union faces the choice either to export stability or to import instability. Obviously, the latter could entail enormous yet incalculable costs in the future. Therefore, a constructive and coherent approach that can be implemented at reasonable cost is to prefer.

The EU's relationship with each neighbour will depend on the degree of the partner's commitment to common values and its capacity to implement jointly agreed priorities. The analysis of these relations will be provided through a regular monitoring process and adaptation of Action Plans.

ENP provides incentives for reforms that will bring benefits in terms of economic and social development. The convergence of economic legislation, the opening of partner economies to each other, and the continued reduction of trade barriers stimulate investment and bring economic growth. This in turn has a positive impact on prosperity within the Union itself through increased trade, and more generally, positive exchanges of people and ideas, ideally creating a virtuous circle.

### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

For each partner country actively engaged in ENP, the Commission had elaborated Country Reports that describe the current situation in all sectors of particular interest, as well as the impact of recent policy measures. Thereafter, joint Action Plans were negotiated with each third country in question. Yearly, a progress report, i.e. a review outlining progress in the implementation is issued. To draw up this report, the Commission draws on a wide range of information sources, including through the relevant sub-committees, government information, and contributions from Commission delegations, international institutions, media and civil society.

Which stakeholders & experts have been/will be consulted, how and at what stage?

See previous question + Member States and European Institutions, notably EP, CoR and EESC, as well as Council of Europe, World Bank, OSCE and others.



**ROADMAP**

Title of the initiative: **Budget review**

Expected date of adoption of the initiative: 2009

**A. Context and Problem Definition**

What is the political context of the initiative? How does this initiative relate to past and possible future initiatives, and to other EU policies?

The budget review stems from an agreement between the Council, the European Parliament and the Commission asking the Commission 'to undertake a full, wide ranging review covering all aspects of EU spending, including the CAP, and of resources, including the UK rebate, to report in 2008/9'.

Preparatory steps for this review include:

- a consultation document launching an open consultation with a broad number of stakeholders – 12 September 2007;
- three external studies on EU expenditure (focusing respectively on evaluation results of current EU spending, the future financing of the EU, and EU spending);
- a scientific conference on 3/4 April 2008 organised by the Bureau of European Policy Advisors (BEPA), based on scientific inputs on a series of questions relevant to the review;
- a document synthesising and analysing the contributions made during the consultation – 3 November 2008; and
- a conference "Reforming the Budget, Changing Europe – 12 November 2008

What are the main problems identified?

In December 2005, Heads of State and Government, considering that Europeans are living through an era of accelerating change and upheaval and convinced that the increasing pace of globalisation and rapid technological change continues to offer new opportunities and present new challenges, have decided that the EU should carry out a comprehensive reassessment of the financial framework, covering both revenue and expenditure, to sustain modernisation and to enhance it, on an ongoing basis. They invited the Commission to undertake a full, wide ranging budget review covering all aspects of EU spending, including the CAP, and of resources, including the UK rebate, to report in 2008/9. The European Parliament, the Council and the Commission shared this analysis and formally endorsed the invitation of the Commission to undertake this review in Declaration n° 3 annexed to the Inter-institutional Agreement of 17 May 2006

Explain how EU action is justified on grounds of subsidiarity

The review aims at a thorough analysis of the extent to which EU financial action provides added value compared to action at national and regional level and thus at reinforcing coherence of spending policies with the subsidiarity principle. As reflected in the mandate given to the Commission, an analysis and reform of the EU budget can only be undertaken at the European level.

**B. Objectives of EU initiative**

What are the main policy objectives?

The objective is to examine what reforms are needed to optimise Europe's contribution in addressing key challenges of the next decade, based on the principles of added value in pursuing the common interest and effectiveness of spending. This analysis is therefore potentially an important input to proposals to be presented by the next Commission for a new multi-annual financial framework, covering the period from 2014 onwards.

Does the objective imply developing EU policy in new areas or of strategic importance?

The budget review is an entirely open, no-taboo reflection, covering all existing spending areas and potentially also new areas.

### **C. Options**

What are the policy options? What legislative or 'soft law' instruments could be considered? Would any legislative initiatives go beyond routine up-date of existing legislation?

The budget review is a broad strategic discussion about the future spending priorities and the way the EU budget is financed. The policy options with regard to the principles that will be defined are, at this stage, almost entirely open. They will draw heavily on the results of the consultation. They will also be inspired by the results of the studies and the outcome of the conferences.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The budget review will in principle cover most policy areas. It will be important to ensure that other reflections undertaken by the Commission about the future objectives and funding of specific policies are coordinated in an appropriate manner with the budget review, in order to ensure coherence.

Explain how the options respect the proportionality principle

The nature of the review is entirely in the spirit of respecting the principle of proportionality.

### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the impact assessment guidelines), even if these impacts would materialise only after subsequent Commission initiatives?

The policy options presented in the budget review would have an economic impact across the EU, depending on whether and how they would be taken up at a later stage. They are also likely to have social and environmental impact, through the optimisation of spending policies aiming at improving the Union's contribution in meeting societal and environmental challenges.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

The review will by its nature have an impact on the EU budget to the extent that the policy options would be taken up at a later stage. However, this will only materialise after the proposals on the next Multi-annual Financial Framework have been made by the Commission, approved by the other institutions, and applied as from 1 January 2014.

Could the options have significant impacts on simplification/administrative burden or on relations with third countries?

Such a simplification is one of the objectives of the review.

Who is affected?

Given the very broad scope of this exercise, the budget review could affect a large number of stakeholders across the EU and beyond.

#### **E. Planning of further impact assessment work**

What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

Three independent studies have been commissioned. The replies to the consultation on the consultation document are being analysed by the Commission services.

Which stakeholders & experts have been/will be consulted, how and at what stage?

A broad consultation has taken place from September 2007 to June 2008, open to all interested stakeholders. The Commission has actively encouraged interested parties to make their voices heard. A specific Commission web site is dedicated to the consultation and a series of meetings and conferences have been organised in various Member States throughout this period. The consultation has triggered huge interest, and the Commission received close to 300 contributions. It will be followed by a conference on 12 November 2008. A scientific conference organised by BEPA also took place on 4 April 2008